

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

In the matter of:

MY TRADER COIN, a.k.a. MTCoin, a.k.a.
mytradercoin.com, a foreign entity,

NOW MINING, LLC, an Arizona limited
liability company,

JONATHAN SIFUENTES SAUCEDO, an
individual,

MARIO E. MAGANA SOSA and Alejandra
Sosa (a.k.a. Juliet Alejandra Roza), husband
and wife,

MOISES HERRERA, SR. and Yolanda
Herrera, husband and wife,

CARLOS PARRA and Noahmi Parra,
husband and wife,

Respondents.

DOCKET NO. S-21108A-20-0181

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO CEASE
AND DESIST, ORDER FOR RESTITUTION,
ORDER FOR ADMINISTRATIVE
PENALTIES, AND ORDER FOR OTHER
AFFIRMATIVE ACTION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents My Trader Coin, Now Mining, LLC, Jonathan Sifuentes, Mario Sosa, Moises Herrera, and Carlos Parra have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. My Trader Coin is a foreign entity that also transacted business under the names MTCoin and through the website mytradercoin.com (collectively “MTCoin”). MTCoin was never registered to conduct business in Arizona.

3. Now Mining, LLC was formed in Arizona on October 10, 2017. Prior to being formed in Arizona, Now Mining had a website, www.mynowmining.com, and operated as an unregistered entity in Arizona.

4. Jonathan Sifuentes (“Sifuentes”) is an individual who frequently visited Arizona. He is believed to be domiciled primarily in Texas and a citizen of Brazil. He is also believed to be single.

5. Mario Sosa (“Sosa”) is a married individual who resided in Arizona during the time relevant to this Notice, i.e. 2017 through 2019.

6. Moises Herrera (“Herrera”) is a married individual who resided in Arizona during the time relevant to this Notice. Herrera was a pastor at a Phoenix-area church and the president and a vice president of KASA Radio, an AM station with broadcasts primarily in Spanish and directed at the Latino, Christian community.

7. Carlos Parra (“Parra”) is a married individual who resided in Arizona during the time relevant to this Notice. Parra is Herrera’s son-in-law, a pastor, a director of KASA Radio, and a frequent guest on KASA Radio broadcasts.

8. MTCoin, Now Mining, Sifuentes, Sosa, Herrera and Parra may be referred to collectively as “Respondents”.

9. Yolanda Herrera was at all relevant times the spouse of Respondent Herrera. Noahmi Parra was at all relevant times the spouse of Carlos Parra. Alejandra Sosa was at all relevant times the spouse of Respondent Sosa. (Yolanda Herrera, Noahmi Parra and Alejandra Sosa may be referred to collectively as “Respondent Spouses”). Respondent Spouses are joined in this action under A.R.S. §44-2031(C).

10. At all relevant times, the married Respondents and Respondent Spouses were acting for their own benefit and on behalf of and for the benefit of their respective marital communities.

III. FACTS

11. This case involves a multilevel-marketing scheme for investments in worthless bitcoin/cryptocurrency companies with the promise of returns over 300% without disclosing the risks associated with cryptocurrency investments or multilevel-marketing businesses. The scheme is targeted to the Hispanic community through a number of pastors at local Hispanic Christian churches and a Hispanic Christian radio station. Ultimately, the investments turned out to be valueless and nearly all money invested was lost.

12. In total, from March 2017 and into 2018, Respondents offered and sold at least 194 investments to approximately 185 different investors for a total of at least \$1,614,997, with three investments in Now Mining totaling \$106,500 and the remaining \$1,508,497 in MTCoin.

13. Four investors received returns totaling approximately \$28,000. All the remaining investments were lost.

MTCOIN

14. Respondents started offering and selling the first of these cryptocurrency investments, MTCoin, in March 2017 when, as described more below, Sifuentes introduced the investment opportunity to Sosa who then began promoting it to others. Respondents continued selling MTCoin investments as late as November 2017.

1 15. Respondents offered and sold investments by advertising on KASA Radio—a
2 Phoenix based, Christian radio station, operated by Herrera and Parra, that broadcasts primarily in
3 Spanish—and by doing presentations at Sosa’s solar company office, KASA Radio, hotels,
4 restaurants and in individual meetings with offerees and investors.

5 16. MTCoin purported to take investor funds, pool those funds, and purchase and trade
6 bitcoin or other cryptocurrency. MTCoin would pay investors and make money for itself with profits
7 from its trading activities.

8 17. MTCoin would also use its profits and revenues to pay investors for referrals.
9 Investors would receive \$200 for every \$1,000 of investments they brought into MTCoin. MTCoin
10 offered additional incentives for bringing investments and had a six-level rewards system for
11 referrals.

12 18. In materials given to investors, MTCoin stated that “[MTCoin’s] unique investment
13 system analyzes the best opportunities in the market, offering highly profitable investments to our
14 affiliates.” It touted its investments as safe, without disclosing any risks: “My Trader Coin has the
15 appropriate opportunity for those who want to achieve safety and financial independence.”

16 19. Several MTCoin investors received a one-page, MTCoin enrollment form in exchange
17 for their investment. The form showed the amount of money invested and how much the investor
18 was to earn. The earnings were expressed with this formula: “___ x \$12.00 x 300 DAYS/DIAS =
19 \$_____” where the first blank was the number of each \$1,000 account created (e.g. if a person
20 invested \$3,000, the number in the first blank would be “3”). Thus, using this formula, for each
21 \$1,000 invested, the investor was to receive earnings of \$3,600.

22 20. Respondents first sold investments in MTCoin after Sifuentes introduced the
23 investment to Sosa.

24 21. Sifuentes met Sosa on Facebook around 2015 when Sifuentes lived in Houston, Texas.
25 The two met face-to-face in Dallas about a year later, in 2016, while Sosa was attending a
26 presentation for selling water systems. About a year after that meeting, in early 2017, Sifuentes called

1 Sosa to tell Sosa about MTCoin. Sifuentes did not explain his position at MTCoin—i.e. whether he
2 was an officer of the company. What was clear was that Sifuentes was a high-level marketer of
3 MTCoin investments who was looking to find people to buy MTCoin investments and sell
4 investments to others. Sifuentes described MTCoin to Sosa as a multi-level-marketing operation: he
5 explained that MTCoin was like two multi-level-marketing companies that Sosa had worked for over
6 the previous 10 years, except that MTCoin was involved in bitcoin.

7 22. Based on Sifuentes's representations, Sosa invested \$1,000 in MTCoin by giving
8 money to Sifuentes. After two weeks, Sifuentes came to Phoenix and met with Sosa and explained
9 more about MTCoin's business. Sosa's MTCoin account showed that his investment was valued at
10 \$1,500. Because of this increase in value after only two weeks and Sifuentes's representations, Sosa
11 invested another \$10,000; he gave this money to Sifuentes.

12 23. During this time, Sifuentes asked Sosa if Sosa knew any people here in Phoenix that
13 would be interested in investing. Sosa did know people who would be interested, and Sosa began
14 assisting in organizing presentations at which some combination of Sosa, Sifuentes, Herrera, and
15 Parra promoted MTCoin.

16 24. Upon information and belief, Sifuentes, Sosa, or both, introduced Herrera and Parra
17 to MTCoin investments.

18 25. During 2017, Herrera was a pastor at a Phoenix-area church and the president and a vice
19 president of KASA Radio, an AM station with broadcasts primarily in Spanish and directed at the Latino,
20 Christian community.

21 26. Parra is Herrera's son-in-law, a pastor, a director of KASA Radio, and a frequent guest
22 on KASA Radio broadcasts, including broadcasts that advertised for MTCoin.

23 27. By summer 2017, Herrera and Parra frequently appeared on KASA broadcasts that
24 devoted time to discussing MTCoin. Sosa appeared as an occasional guest on these broadcasts. These
25 broadcasts sometimes occurred several times throughout the day and were essentially advertisements
26 for investments in MTCoin.

1 28. During his broadcasts, Herrera promised God's blessings for investing and told people
2 to sell property or get a loan if they needed money to invest.

3 29. During these broadcasts, Herrera and his guests encouraged people to come to KASA
4 Radio to invest in MTCoin. He also encouraged people to attend various presentations about investing
5 in MTCoin.

6 30. Respondents held several presentations promoting MTCoin at various locations,
7 including Sosa's place of business, KASA Radio, hotels, and restaurants.

8 31. At some of the presentations, nearly 100 people were in attendance.

9 32. During at least one of these presentations held in Sosa's business offices, Sifuentes
10 and Sosa told offerees and investors in attendance that if they invested in MTCoin, they could earn
11 \$12 a day for every \$1,000 invested. Investor funds would be pooled, then MTCoin would purchase
12 bitcoin on investors' behalf. Investors were supposed to be able to withdraw cash after their account
13 made \$100. MTCoin would keep 20% of its profit brought in from the bitcoin it purchases. If
14 investors brought in new investors, they would get a \$200 commission for each \$1,000 account
15 opened. Investors later learned, however, that MTCoin paid commissions primarily by adding bitcoin
16 value to the investors' account, not by paying cash.

17 33. Sifuentes and Sosa gave offerees and investors materials about MTCoin that included
18 the quotes in paragraph 18 above that described MTCoin as a safe investment. The materials also listed
19 all the bonuses investors get for bringing in new investors. Investors would not participate in operating
20 the business.

21 34. Sifuentes gave another presentation about MTCoin where he and Sosa told several
22 offerees and investors that they could also double or triple their MTCoin investment in just a few
23 months.

24 35. Sifuentes also told offerees and investors at a presentation in Sosa's office that
25 MTCoin was a great investment and that he had personally made lots of money already. He also
26 stated that the federal government had no control over the company because they were using an

1 independent company for their money accounts, making the investment very low risk; he never
2 described any risks.

3 36. At another presentation held at Sosa's offices, Sifuentes told offerees and investors
4 not to put their money in a bank where it would just sit there, but to invest with MTCoin where their
5 money would grow fast.

6 37. At another presentation, Sifuentes, Sosa and Parra told offerees and investors that
7 MTCoin investors could earn a return of \$100,000 from a \$20,000 investment. They explained that,
8 in exchange for a \$20,000 investment the investor would get 11 additional accounts as a bonus. With
9 a total of 31 accounts earning \$12/day, the investment would be worth over \$100,000 in 269 days.
10 Parra also explained that this is a pyramid system where everyone gets paid a portion of the newer
11 investors' money. Parra demonstrated this firsthand when people invested in cash during the meeting
12 and Parra gave some of the cash to presenters and others at the meeting.

13 38. Herrera, Parra and Sosa also gave a presentation promoting MTCoin investments held
14 at a hotel in the Phoenix area. About 50 people attended. During the presentation, Herrera held a card
15 similar to a credit card and said that a month after investing, investors would be able to use the card to
16 withdraw cash. He explained that for a \$50,000 investment, investors would be able to withdraw \$3,500
17 cash each month.

18 39. During another presentation, Herrera, Parra and Sosa explained that MTCoin would
19 pool investor funds, buy bitcoin cheap, then sell when the price went up.

20 40. Several offerees and investors attended presentations at KASA Radio. During one of
21 these presentations, Herrera and Parra told offerees and investors that they would make \$12/day for each
22 \$1,000 they invested for the first nine months, then they could roll over or cash out. Herrera and Parra
23 told offerees and investors that they would get a debit card that would allow them to withdraw cash from
24 their accounts.

25 41. In addition to presenting at several of the presentations described in the preceding
26 paragraphs, Parra met with an investor at Starbucks after that investor had heard a KASA Radio

1 broadcast promoting MTCoin investments. Parra sold this investor a \$50,000 investment, \$46,000 was
2 a cashier's check to KASA Radio, \$4,000 was cash that was handed to Parra. The investor received a
3 paper listing the amount of the investment and a login to an MTCoin account.

4 42. MTCoin investors were told they would be able to withdraw cash from their earnings in
5 their MTCoin account (with accounts serviced by a company called Coinbase) soon after they invested.
6 Several investors invested as early as March 2017. The investors, however, were never able to withdraw
7 cash from their accounts as promised.

8 43. Respondents failed to inform MTCoin investors that previous investors had not been
9 able to withdraw cash from their accounts as promised.

10 44. MTCoin offered and sold at least 191 investments totaling approximately \$1,508,497.

11 45. Sifuentes offered and sold MTCoin investments to at least 12 persons for a total
12 investment amount of at least \$126,000; these persons invested based on Sifuentes's representations.

13 46. Sosa offered and sold MTCoin investments to at least 26 investors for a total of
14 approximately \$297,800; these persons invested based on Sosa's representations.

15 47. Herrera offered and sold MTCoin investments to at least 11 people for a total of at
16 least \$221,500; these persons invested based on Herrera's representations.

17 48. Parra offered and sold MTCoin investments to at least 17 people for a total of at least
18 \$229,000; these persons invested based on representations that Parra made.

19 **NOW MINING**

20 49. Beginning in fall 2017, Respondents Sosa, Herrera and Parra also sold investments in
21 another cryptocurrency investment, Now Mining.

22 50. Now Mining described itself as a company that would use mining robots to obtain
23 bitcoin. Now Mining would pool investor funds to pay for the robots. Investors and Now Mining
24 would make money from the profits obtained from the bitcoin.

1 51. Now Mining offered daily trading bonuses—money earned by Now Mining trading
2 the bitcoin it mined—while investors kept money in their Now Mining account. It also offered
3 bonuses for referring customers to Now Mining and for selling Now Mining plans.

4 52. Some Now Mining investors received a one-page registration form in exchange for
5 their investment. It showed the amount invested and the name of the sponsor, i.e. who sold the
6 investment. It did not contain any disclosures about the company or of risks associated with the
7 investment.

8 53. Respondents sold Now Mining investments by advertising on KASA Radio, by doing
9 at least one presentation a hotel or restaurant, and in individual meetings with offerees and investors.

10 54. In August 2017, Herrera advertised for Now Mining on KASA Radio. He explained
11 that Now Mining would buy machines that would mine bitcoin and that it would make money much
12 faster than MTCoin.

13 55. Herrera, Sosa and Parra also offered Now Mining investments at a presentation in
14 front of approximately 50 people.

15 56. During meetings with offerees and investors, Parra represented to at least two offerees
16 and investors that Now Mining was a profitable, safe investment, and that he was already generating
17 \$200/day for his investments.

18 57. In addition to presenting at the meeting described above, Sosa sent an email to at least
19 one Now Mining offeree. The email described leasing machines that searched the internet and found
20 bitcoin.

21 58. Herrera, Parra and Sosa failed to inform Now Mining offerees and investors that they
22 had sold MTCoin investments to several persons, an investment that turned out to be worthless. This
23 information would have been material to investors in assessing Herrera's, Parra's and Sosa's inability
24 to value investments that they were selling.

25 59. Now Mining offered and sold at least three investments to Arizona investors totaling
26 approximately \$106,500.

60. Sosa offered and sold Now Mining investments totaling approximately \$80,000 to at least one person; this person invested based on Sosa's representations.

61. Herrera offered and sold investments in Now Mining to at least two people for a total investment amount of at least \$25,000; these persons invested based on Herrera's representations.

62. Parra offered and sold investments in Now Mining to at least two couples for a total of at least \$26,500; these persons invested based on Parra's representations.

MTCOIN AND NOW MINING

63. Respondents urged offerees and investors to pay with cash. When a few investors requested to pay with check, Respondents insisted that those investors to pay with a cashier's check.

64. Respondents never disclosed to offerees and investors the risks of investing in MTCoin and Now Mining. These include risks associated with investing in bitcoin/cryptocurrency companies, for example, that bitcoin and cryptocurrency markets are small, speculative markets prone to rapid fluctuations. They also failed to disclose risks associated with investing with a business with little operating history, a business not registered to do business, or a business that depended on multilevel marketing to generate an income, including, for example, that it will be difficult then impossible to continue adding levels of purchasers/sellers below each layer of existing purchasers/sellers.

65. Several investors paid for their investments by giving cash to KASA Radio or cashier's checks payable to KASA Radio, which was operated by Herrera and Parra. KASA Radio's expenditures during this time, i.e. 2017, and subsequently through March 2019, did not include any transfers to MTCoin or any other cryptocurrency company. They did, however, include a \$22,000 payment to Sifuentes, approximately \$134,000 of cash withdrawals in Las Vegas casinos, and approximately \$540,000 of other cash withdrawals.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer or Sale of Unregistered Securities)

1. From on or about March 2017, Respondents offered or sold securities in the form of investment contracts within or from Arizona.

2. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

3. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

4. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

5. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

6. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors.

7. Respondents MTCoin's, Sifuentes's, Sosa's, Herrera's and Parra's conduct includes, but is not limited to, the following:

a) Touting MTCoin as a safe investment that would quickly generate a large return while failing to disclose any risk related to investing and in particular investing in cryptocurrency or bitcoin companies with little operating history that depended in part on multilevel marketing to earn returns for investors;

1 b) Telling offerees and investors that their funds would be used for trading bitcoin
2 and cryptocurrency, then failing to transfer all or most investor funds to any bitcoin, cryptocurrency or
3 other similar company;

4 c) Promising offerees and investors that they would be able to withdraw cash from
5 their earnings soon after investing when in fact no investors were ever able to withdraw cash or otherwise
6 receive any return on their investment;

7 d) Failing to disclose to subsequent offerees and investors that previous investors
8 had not been able to withdraw cash from their earnings and had received no actual return on their
9 investments;

10 8. Respondents Now Mining's, Sosa's, Herrera's and Parra's conduct includes, but is not
11 limited to, the following:

12 a) Touting Now Mining as a safe investment that would quickly generate a large
13 return—including saying that it would generate a return more quickly than an investment in MTCoin—
14 while failing to disclose any risk related to investing and in particular investing in cryptocurrency or
15 bitcoin companies with little operating history that depended in part on multilevel marketing to earn
16 returns for investors;

17 b) Telling offerees and investors that their funds would be used for mining bitcoin
18 and cryptocurrency and trading bitcoin and cryptocurrency, then failing to transfer all or most investor
19 funds to any bitcoin, cryptocurrency or other similar company;

20 9. Respondents Sosa's, Herrera's and Parra's conduct includes, but is not limited to the
21 following:

22 a) Failing to inform Now Mining investors and offerees that these Respondents had
23 previously sold MTCoin investments that turned out to be completely worthless.

24 10. This conduct violates A.R.S. § 44-1991.
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VII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order that Respondents and Respondent Spouses be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action.
5. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

Each respondent including Respondent Spouses may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a respondent or a Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without

1 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for
2 Hearing.

3 Persons with a disability may request a reasonable accommodation such as a sign language
4 interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck,
5 ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should
6 be made as early as possible to allow time to arrange the accommodation. Additional information
7 about the administrative action procedure may be found at
8 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

9 **IX.**

10 **ANSWER REQUIREMENT**

11 Pursuant to A.A.C. R14-4-305, if a respondent or a Respondent Spouse requests a hearing,
12 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
13 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
14 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
15 obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at
16 <http://www.azcc.gov/divisions/hearings/docket.asp>.

17 Additionally, the answering respondent must serve the answer upon the Division. Pursuant to
18 A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy
19 of the answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
20 addressed to Ryan Millecam.

21 The answer shall contain an admission or denial of each allegation in this Notice and the
22 original signature of the answering respondent or respondent's attorney. A statement of a lack of
23 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
24 denied shall be considered admitted.

1 When the answering respondent intends in good faith to deny only a part or a qualification of
2 an allegation, the respondent shall specify that part or qualification of the allegation and shall admit
3 the remainder. Respondent waives any affirmative defense not raised in the answer.

4 The officer presiding over the hearing may grant relief from the requirement to file an answer
5 for good cause shown.

6 Dated this 18th day of June 2020.

7
8 /s/ Mark Dinell

9 Mark Dinell
10 Director of Securities
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